

Memo

To: Delaware Energy Efficiency Advisory Council (EEAC)
From: Mark Kravatz
CC: DPL Low-Income Settlement Fund Grants Making Manager Proposal Review Committee
Date: June 18, 2019
Subject: DPL Low-Income Settlement Fund Grants Manager Recommendation

ABOUT

Following a thorough review process, the Low-Income Settlement Fund Proposal Review Committee recommends the Delaware Sustainable Energy Utility (DESEU) to serve as the Delmarva Power & Light Low-Income Settlement Fund Grants Making Manager. The following is intended to provide the EEAC with the background of the funds as well as a summary of the review process.

BACKGROUND

On June 2, 2015 and November 1, 2016, the Commission adopted orders approving the merger of Delmarva Power and Exelon and the Amended Merger Settlement Agreement (PSC Docket No. 14-193). Provisions resulting from the Amended Merger Settlement Agreement (Settlement) allocated \$4 million in funds to a low-income customer energy efficiency program for Delmarva Power Delaware customers. These funds will be administered by a fund and grants making manager (“Manager”) that will oversee a process for distributing funds through a competitive grant process to support capable organizations in delivering energy efficiency programs to low-income ratepayers located in Delmarva’s Delaware service territory. Energy Efficiency is defined as using technology, products, education or a combination that requires less energy to perform the same function. Using a light-emitting diode (LED) light bulb that requires less energy than an incandescent light bulb to produce the same amount of light is an example of energy efficiency.

The primary goal of these funds is to accomplish the following:

- ☐ Increase the energy efficiency of low-income Delmarva Power Delaware households that contribute to statewide electric and home heating fuel savings.
- ☐ Engage with and inform low-income Delmarva Power Delaware households about the benefits of energy efficiency.
- ☐ Develop a comprehensive community-based approach to address energy efficiency issues in low-income Delmarva Power Delaware housing by mobilizing public and private sector resources, including grassroots, community-based, non-profit, and faith-based organizations.
- ☐ Ensure to the greatest extent feasible that job training, employment, contracting, and other economic opportunities generated by this grant will be directed to low-income Delmarva Power Delaware persons.

Delmarva Power, in collaboration with the EEAC via the EEAC’s Low-Income Working Committee has been organizing the deployment of these one-time low-income settlement funds. Total low-income settlement funds equal \$4,000,000.

With direct guidance and approval from the EEAC and the EEAC Low-Income Committee, the Manager will distribute all low-income settlement funds through a grant making process that serves both a large-scale low-income Delmarva Power Delaware energy efficiency grant program(s) as well as a small-scale community-based low-income energy efficiency grant program(s). The Manager will also be responsible for managing the performance of all grantees and reporting progress to the EEAC, the EEAC Low-Income Committee and the Commission.

These Delmarva Settlement funds are intended to be eligible for as diverse a set of low-income programs as practicable. A large-scale energy efficiency grant program will be structured in a similar way to large-scale low-income energy efficiency programs established around the country (e.g. Weatherization Assistance Programs, low-income energy efficiency retrofit programs, energy efficiency behavior programs, etc. are some examples). These programs have the capacity to serve many Delmarva Power Delaware households over a large geographic area. A separate community-based program will support small-scale energy efficiency programs/ projects that serve specific low-income geographic areas in Delaware. The Manager will oversee the grant making and implementation performance processes for both the large-scale and community-based grant programs. Each program will have a separate pre-determined amount of funds for both the large-scale and community-based programs.

The selected Manager's key responsibilities include, but is not limited to the following:

1. **Ensuring all goals are met and tasks are accomplished:** All parties of the Delmarva Settlement are to meet their low-income program objectives and duties as required by the Settlement Agreement: PSC Docket No. 14-193 (Appendix B).
2. **Coordinating among critical energy efficiency agencies:** This includes participation in the statewide or jurisdiction-wide energy efficiency goals and objectives set by the EEAC.
3. **Engaging community residents and community-based non-profit organizations:** Individuals and community-based non-profits directly serving Delmarva Power Delaware low-income communities must be involved in the Manager's grant program's activities. For example, these activities may include community outreach, education, marketing, program assessment, and program advisory activities.
4. **Establishing a Special Purpose Fund:** The Manager will have the capacity and experience with setting up and managing a special purpose fund. A Delmarva Power Settlement special purpose fund will be established and restricted to projects that deliver energy efficiency programs and services to low-income Delmarva Power Delaware customers.
5. **Establishing a Low-Income Grant Application Review Committee(s):** The Manager will work with the EEAC to establish clear guidelines for the recruitment and support of Grant Application Review Committee membership. Membership of the Grant Application Review Committee must include members of the EEAC and may be structured into two separate review committees for the large-scale and community-based programs.
6. **Developing and implementing a grant application proposal process for large-scale and community-based grant programs:** This includes grant program application development, marketing programs, establishing grant application review criteria and processes, and awarding grants.

7. **Developing and implementing a grant application outreach strategy to potential grant applicants:** The Manager must ensure that outreach efforts are culturally sensitive, targeted, and linguistically appropriate.
8. **Grant Administration:** The Manager will assume all grantee administrative responsibilities and establish administrative protocols that include grantee contracting, reporting, and accounting.
9. **Establishing grantee quality assurance/quality controls:** This includes monitoring grantees to ensure work performed complies with work specifications, applicable industry standards, and acceptable federal/state/local regulations. Manager will also be responsible for managing oversight of grantee budgets.
10. **Data collection and storage oversight:** The Manager will ensure that all grantees have acceptable data collection, storage, and management capabilities.
11. **Program Evaluation, monitoring, and verification (EM&V):** Establish an energy efficiency EM&V process that tracks and monitors the energy efficiency performance of all grantees. Please note that large-scale grantees will be required to hire an EEAC approved third-party energy efficiency evaluator.
12. **Performance Goals:** The Manager will propose all program goals and associated activities, which must be approved by the EEAC. Performance goals must be objectively quantifiable and measure actual achievements against anticipated achievements. Performance goal reporting will be completed on a quarterly basis.
13. **Reporting:** Provide an annual report to the EEAC on the fund and program's progress and performance.
14. **Leveraging Resources:** The Manager will identify and seek additional community and private sector funds that can be combined with the low-income Settlement Fund program funds to increase the effectiveness of the proposed program activities including policy, prioritization and fiscal support.

REVIEW COMMITTEE PROCESS

In March, Delmarva Power & Light issued a request for proposals for the Low-Income Settlement Grants Making Manager and received two responses. The Manager will be responsible for managing the process for distributing funds through a competitive grant process to support capable organizations in delivering energy efficiency programs to low-income ratepayers located in Delmarva's Delaware service territory.

Delmarva Power & Light, with assistance from the EEAC's Low-Income Committee consultants, organized a volunteer proposal review committee. Voting review committee members included:

- ☐ Raj Barua, Delaware Public Service Commission
- ☐ Haly Laasme-McQuilken, DE LIHEAP
- ☐ Cassandra Marshall, Quaker Hill Neighborhood Association*
- ☐ Glenn Moore, Delmarva Power & Light*
- ☐ Edward Synoski, DNREC

*EEAC Voting Member

On May 6, 2019, the Review Committee conducted an initial in-person meeting at 100 Water Street in Dover to review the two proposals. The Review Committee utilized a grant making manager's key responsibility checklist tool to facilitate the process of assessing and comparing each proposal. The checklist tool included all 14 key responsibilities of the grant making manager described above. The goal of this process was to assess and confirm that each proposal met a minimum threshold of responding to each key responsibility. The process also allowed Proposal Review Committee members to assess the quality of each proposal's response including the proposal's description of the methods and strategies to effectively administer the key responsibilities of the Grant Making Manager. Following robust discussion about each key responsibility, the Proposal Review Committee utilized a scoring rubric to conduct a straw poll. The Proposal Review Committee members affirmed that the DESEU presented a more satisfactory proposal. Some Proposal Review Committee members expressed that they were not ready to conduct a final recommendation vote because they had follow-up questions for the DESEU. Sixteen additional questions were presented to the DESEU. On May 21, 2019, the DESEU submitted its responses.

On June 6, 2019, the Proposal Review Committee conducted a telephonic meeting to review responses to the Committee's questions posed to the DESEU, conclude outstanding discussions, and to complete a final recommendation vote. The Proposal Review Committee members expressed that they were satisfied with the DESEU's responses to the follow-up questions. The Proposal Review Committee voted in the affirmative, with Raj Barua – Delaware Public Service Commission abstaining, to recommend the DESEU as the Grants Making Manager of the Delmarva Low-Income Settlement Funds.